

October 23, 2012

HORSE RACING INDUSTRY TRANSITION PANEL

October 23, 2012

The Honourable Ted McMeekin
Minister of Agriculture, Food and Rural Affairs
Government of Ontario

Dear Minister:

We are pleased that you have received our Final Report dated October 15, 2012. We understand that you are eager to release it for public comment.

We further understand that you have shared our Final Report with your colleagues and that collectively the government is prepared to undertake negotiations with the horse racing industry. We fully support both the public release of our Final Report and the urgency of beginning negotiations that we believe will result in a sustainable industry.

We estimated the amount of public investment we believe is required to transition the industry to a sustainable base, subject to good faith negotiations, on an open book basis, with the industry. We feel strongly that publicly releasing some of the estimates contained therein, particularly sensitive financial information concerning the amount of public support required for race tracks, would not be in the public interest today. We advise that this information should be withheld until such time as the government and the industry have concluded their negotiations.

To assist you in this effort to protect the public interest we have attached a copy of our Final Report with the information we believe to be sensitive removed.

To be clear, we are supportive of releasing the entire Final Report as soon as the negotiations with the industry are concluded. We hope the attached copy of our Report will be useful in receiving public input on our conclusions.

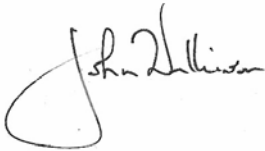
Thank you again for your confidence in the panel. We are, as always, prepared to assist you in any way.

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Elmer Buchanan

A handwritten signature in black ink, appearing to read 'John Snobelen', with a stylized, flowing script.

John Snobelen

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John Wilkinson

TABLE OF CONTENTS

1.	Executive Summary	1
2.	Introduction	3
3.	Components of the Proposed Sustainable Horse Racing Model	5
	Boosting Pari-Mutuel Wagering	5
	Tying Purses and Race Dates to Wagering	6
	Public Support for Racetracks	11
	Promoting Breeding Excellence	12
	A New Governance Model for Horse Racing	13
	Implementing the New Sustainable Horse Racing Model	16
4.	Increasing Industry Revenue	19
5.	Addressing Other Industry Transition Issues	22
6.	In Conclusion	25
Appendices		
A.	List of Stakeholders Consulted for Final Report	27
B.	Help for Displaced Workers	30
C.	Assistance to Equine Businesses	34

1. EXECUTIVE SUMMARY

- The Horse Racing Industry Transition panel submitted a consensus Interim Report on August 17, 2012. It found that a vibrant, world-class horse racing industry requires public funding, though less than the Slots at Racetracks Program (SARP).
- Scanning other jurisdictions, the panel could not find a single example of a viable horse racing industry without some form of public support. Even so, the panel found it would be a mistake to reinstate SARP. The program has provided far more money than was needed to stabilize the industry – its original purpose – and has done so without compelling the industry to invest in a better consumer experience.
- The panel concluded that any further investment of public dollars in the industry should be based on clear public-interest principles, namely:
 - Accountability
 - Transparency
 - Renewed focus on the consumer and
 - Return of each public dollar invested to government through tax revenues.
- After accepting the consensus report, the Minister of Agriculture, Food and Rural Affairs, the Honourable Ted McMeekin, asked the panel to consult further with the industry to determine its willingness to work together in a way that recognizes both the public interest and the current fiscal climate.
- This is the panel's consensus Final Report. It presents the results of the panel's work with stakeholders to create a vision of a sustainable horse racing industry in Ontario.
- The panel found a genuine willingness within industry to build a new partnership with government based on the public-interest principles noted above. In consultation with stakeholders, the panel has developed a new Sustainable Horse Racing Model for the conduct and management of horse racing in Ontario.
- Currently, more than 60 per cent of purse money awarded in Ontario horse races comes from SARP – a source unrelated to the horse racing customer. The new model will make the industry more customer-driven by basing all purse money on the industry's share of pari-mutuel wagering.
- Applying this approach, the panel proposes a racing schedule with a total of 800 race days, about half the current total. Substantial purses will be maintained, which the panel believes is necessary to compete with other jurisdictions.
- With purses fully funded from the pari-mutuel handle, racetracks will require government investment in their operations. Any public funding of track costs must be subject to the agreement of track operators to maintain or enhance the pari-mutuel handle and invest any earnings back into the industry. Tracks would be required to

verify their costs through an expert, independent audit to ensure accountability and transparency.

- Ontario's highly regarded Horse Improvement Program – which includes the Ontario Sires Stakes – has also received substantial SARP funding. The panel proposes to continue these programs with funding based on the pari-mutuel handle.
- A new governance model for the industry is needed. The Ontario Racing Commission (ORC) should immediately firewall its operations into two distinct divisions, regulatory and administrative. The administrative function should be transferred to a new industry-led entity within no more than three years. The ORC would then have a purely regulatory role.
- The panel was approached by a group of racetracks committed to live horse racing. The panel recommends that the government enter into an agreement with an alliance of willing tracks that would operate a province-wide racing secretariat to set both race dates and purses. It would also take on the branding and marketing of the Ontario racing product. In the absence of such an agreement, these roles would remain in the administrative division of the ORC.
- The Ministry of Agriculture, Food and Rural Affairs should become responsible for both the oversight of the industry through the ORC and the ongoing monitoring of the new racing model to ensure the public interest is protected.
- The panel recommends that the horse racing industry be permitted to offer new gaming products. Options include: a racing-specific lottery; sports book (betting on single sporting events, which could be legalized if pending federal legislation is enacted); and a new pari-mutuel product called historical horse racing (which involves betting through an electronic terminal on the outcome of past races, which are not identified to the player). These new products could potentially generate revenue that could be used to offset the need for direct public funding, enhance live racing in Ontario and return revenue to the treasury.
- The government should require the preparation of lifecycle plans for horses to guide their care and use following their racing careers. The panel believes this is the responsibility of breeders and owners, but recommends public funding for developmental work to assist in this effort.
- In all, the panel recommends an investment of new public funds over three years to build a sustainable horse racing industry on a foundation of sound public policy. The panel believes that this investment will produce a positive rate of return to the taxpayers of Ontario.
- Ontario's horse racing industry is at a crossroads. A sustainable future is possible, but only if the government takes action now.

2. INTRODUCTION

The Horse Racing Industry Transition panel was appointed in June 2012 to make recommendations on how the Ontario government could help the horse racing industry adjust to the end of the Slots at Racetracks Program (SARP). The panel included three former Ontario Cabinet ministers.

The panel submitted a consensus Interim Report on August 17, 2012, finding that the \$50 million allocated by the government over three years to support the transition was insufficient to build a bridge to a sustainable future. The panel concluded that a viable, world-class industry requires public investment, though substantially less than the industry has received from SARP. Without public support, the industry's core elements – an adequate number of races, competitive purses, state-of-the-art tracks, quality breeding programs, skilled personnel and a growing pari-mutuel wagering pool – will quickly erode.

The panel concluded that any further investment of public dollars in the industry should be based on clear public-interest principles, specifically:

- Accountability
- Transparency
- Renewed focus on the consumer and
- Return of each public dollar invested to government through tax revenues.

The Minister of Agriculture, Food and Rural Affairs, the Honourable Ted McMeekin, accepted the panel's findings in the Interim Report. On behalf of the government, he asked the panel members to consult further with the industry to determine its willingness to work together in a way that recognizes the public interest and the current fiscal climate.

The panel re-engaged with many of the agencies, stakeholder groups and individuals who made contributions to the Interim Report, as well as others. Based on this input, the panel has concluded there is a strong willingness within the horse racing sector to build a new partnership with government based on a framework of sound public policy. The above public-interest principles have found wide acceptance among both individuals and organizations in the industry.

This is the panel's consensus Final Report. It describes what a new partnership between government and the horse racing industry would look like and how it can be achieved. It makes recommendations on the development of a new Sustainable Horse Racing Model designed to deliver a sustainable horse racing industry that meets public policy objectives.

Scope and Objectives

This report proposes a new Sustainable Horse Racing Model to support and integrate key components of the Ontario horse racing industry through a responsible, accountable and measurable program. These mutually dependent components are:

- Pari-mutuel wagering
- Purses
- Tracks and
- Horses.

The report will now examine each of these components in detail, and also set out a transition plan for implementing the new model.

As determined in the panel's Interim Report, a viable horse racing industry requires some form of public investment to supplement the industry's core revenue source – the net pari-mutuel handle. The panel has scanned the global equine sector and cannot find a single example of a viable racehorse industry that does not depend on some form of public support. Where that support has been withdrawn, the industry inevitably collapses.

The Sustainable Horse Racing Model is designed to meet two key objectives:

- Protect and enhance the pari-mutuel handle
- Create the maximum economic return for the minimum public investment.

3. COMPONENTS OF THE PROPOSED SUSTAINABLE HORSE RACING MODEL

Boosting Pari-mutuel Wagering

The industry's key customer is the horseplayer – the consumer who wagers on horse races and generates the pari-mutuel handle. The panel has considered horseplayers' expectations, examined successful marketing strategies in the global industry, and assessed the current Ontario racing product through this lens.

The interests of consumers received little attention from stakeholders during the panel's consultations for both the Interim and Final Reports. This is why one of the public interest principles articulated by the panel is a renewed focus on the consumer. The panel proactively sought out and met with stakeholders who could provide a consumer perspective.

The panel understands that horseplayers expect competitive races featuring large fields, full cards (at least 10 races per day) and sizable pari-mutuel pools (deep enough to prevent a single last-minute bet from dramatically changing the odds.)

It is important to note that, due to modern technology, horse racing now operates in a global market. Nearly two thirds of pari-mutuel wagering in Ontario is on foreign product. Ontario tracks net about \$20 million a year from bets placed on Ontario races by horseplayers outside the province. Many of today's horseplayers closely follow and wager on racing in international markets that provide a quality racing product on a consistent basis. Growing Ontario's share of this competitive world market is crucial to achieving long-term sustainability.

Ontario's gross pari-mutuel handle has been slipping in recent years. It reached \$1.2 billion in 2001 and was approximately \$1 billion in 2011. The future of horse racing in Ontario depends on maintaining and expanding the pari-mutuel pool. Without a strong take-up of Ontario product by horseplayers, the industry will require unsustainable levels of public support.

The current Ontario offering often fails to meet the expectations of horseplayers, both domestic and international. This is particularly so in the standardbred B category, where fields tend to be small and many races are conducted in direct competition with other Ontario product.

The panel proposes a new Sustainable Horse Racing Model that will address these deficiencies and support growth of the pari-mutuel handle by:

- Establishing an Ontario race calendar with dates, times and race conditions designed to maximize uptake in the global market
- Requiring full fields

- Developing a unique Ontario brand and ensuring all Ontario racing conforms to and is marketed under the brand
- Offering market-driven products including enhanced wagering opportunities, horseplayer accounts for all Ontario product, and reduced take-out for some racing to enhance paybacks to horseplayers
- Ensuring that the needs of horseplayers are central to decision-making concerning race dates, conditions and other issues.

These features will be more fully described in the balance of this report.

Tying Purses and Race Dates to Wagering

As a business enterprise, horse racing is driven by purses. For generations prior to SARP, purses came mainly from the pari-mutuel handle. SARP changed this. In 2010, 63.6 per cent of purse revenue came from slot machines. Today, the industry's economic engine is largely fuelled by a revenue source unrelated to its core business, which is to provide a racing experience attractive to customers.

Race dates, purses and the size of the horse herd now respond more to the amount of SARP money flowing than to consumer demand for the racing product as reflected in the volume of wagering. In thoroughbred racing, purse money is sourced roughly equally from slots revenue and the pari-mutuel handle. In standardbred racing, as much as 90 per cent of the total purse comes from slots.

The panel believes the industry should get back to basics by creating a stronger link between the racing product and consumer demand. Therefore, under the proposed Sustainable Horse Racing Model, the size of purses and the number of race dates will be determined by the amount of pari-mutuel handle available. Racing opportunities will be able to increase or decrease in response to consumer demand.

The panel has developed a program of race dates and purses by breed and category, based on wagering in the various divisions of racing in 2011. Under the new model, purses will come only from the net pari-mutuel handle flowing to tracks and horse people. In 2011 this totaled approximately \$130 million.

The model addresses the key measures that matter to horse owners and horse people: purse amounts, purse distribution among tracks, and racing opportunities. The number of race dates reflects the number of racing opportunities the panel believes is necessary to put a competitive offering in the marketplace.

Purses must be comparable to those in other jurisdictions to attract competitive fields, especially at the thoroughbred A level. While the panel recognizes that purse levels generally do not drive wagering, it is clear that high-stakes races like the Queen's Plate or the North America Cup do raise the profile of Ontario horse racing in the global gaming marketplace.

As mentioned, horseplayers are attracted to races with large fields. Ontario currently averages fewer than 10 horses per race. The new model will require full fields. This policy will have the effect of lowering the available purse per horse per race. Purses in the panel model reflect the impact of larger fields while maintaining purses at over 80 per cent of the 2011 SARP-enhanced levels.

The panel has deviated from this approach in two areas to maximize the industry's economic impact:

- Given the intense international competition in the thoroughbred industry, the panel proposes to hold the average purse per day for this racing division closer to the current SARP-enhanced level.
- In the standardbred C (Grassroots) category, the model has been modified slightly to increase the dates and purse to be offered. This quality of racing does not attract much wagering, but it is the most cost-effective level and generates the maximum taxable economic activity for public investment.

The model does not include purses and dates conducted under the Horse Improvement Program (HIP), which are restricted to Ontario-bred horses. Maintaining the HIP program is discussed in the Promoting Breeding Excellence section.

Purse Pooling

The panel agrees with the findings of the Sadinsky report in 2008 and the recent Ontario Horse Racing Industry Association (OHRIA) Task Force that, going forward, purse pooling is essential. This will ensure the optimal use of purse money to attract full, competitive fields that will maintain and increase wagering.

Race Dates and Purses

The new Sustainable Horse Racing Model provides the following race dates and purses by category:

Thoroughbred A (Premier)

To maintain a resident thoroughbred A breeding and training industry in Ontario, the race season must be of approximately the same duration as it is now, that is, 40 weeks, with almost as many race dates – 160. Thoroughbreds need considerable time to recover after racing, and generally can only race about once every six weeks. A long season is necessary for a typical horse to race just three or four times a year. The pari-mutuel market is receptive to four full race days per week. A shorter ship-in season would be

possible, but would not generate nearly the economic activity linked to a resident industry.

In 2011, the thoroughbred A category ran 165 race dates, with the industry receiving \$65 million from the pari-mutuel handle and purses totaling \$74 million. Deriving purses only from the pari-mutuel handle would reduce the total purse to about 86 per cent of the previous level.

Recommended number of race days: 160

Recommended total purse: \$64 million

Recommended average purse per race day: \$400,000

Thoroughbred B (Signature)

In 2011, the thoroughbred B category ran 78 races dates, all at the historic Fort Erie track. The industry share of the pari-mutuel handle totaled \$5 million and purses came to \$6 million.

Fort Erie has started to offer limited quarter horse racing, encouraging more wagering. Recent financial difficulties have culminated in an announcement that the track will close. The panel notes that local efforts are underway to revive the track. As well, the panel notes that Ajax Downs, now solely a quarter horse track, is a potential host for thoroughbred B racing.

Recommended number of race days: 30

Recommended total purse: \$3 million

Recommended average purse per day: \$100,000

Recommendation to government:

- **Explore alternatives for a limited thoroughbred B meet, preferably in conjunction with quarter horse racing.**

Standardbred A (Premier)

In the standardbred A category there were 243 race dates in 2011, with the industry receiving \$37 million from pari-mutuel handle and purses totaling \$81 million. Keeping the same number of racing days, while basing purses solely on the handle, would cut the average purse per day by more than half. As noted in the Interim Report, Ontario's average standardbred purse is not seriously out of line with competing jurisdictions. The panel suggests maintaining the average purse per day at 80 per cent of 2011 levels, resulting in 140 race days.

Recommended number of race days: 140
Recommended total purse: \$37 million
Recommended average purse per race day: \$264,000

Standardbred B (Signature)

The six tracks in this category presented 731 race days in 2011. The total purse was \$60 million, while the total take-out from the pari-mutuel handle came to \$22 million.

Maintaining about 80 per cent of the average purse per day would result in 300 race days based on the same pari-mutuel handle. The panel believes this strikes the right balance between purse size and racing opportunities.

Recommended number of race days: 300
Recommended total purse: \$22 million
Recommended average purse per race day: \$73,000

Standardbred C (Grassroots)

The seven tracks in this category presented 308 race days in 2011. The total purse was \$18 million with a total take-out from the pari-mutuel handle of \$3.5 million.

Maintaining 80 per cent of the current average purse per day would result in 76 days of racing, based on the same pari-mutuel handle. The panel believes that this would be too few race days to maximize the economic return on public investment in this category of racing. Significantly raising the number of race dates with the same handle results in an average purse per day that the panel regards as too low. As noted above, the panel recommends increasing both the number of race days and the total purse beyond the levels that could be supported by the current pari-mutuel handle.

The panel is encouraged by the work underway by grassroots tracks to share infrastructure and co-ordinate race dates, including racing at county fairs. As well, the Ontario Racing Commission (ORC) is working to reduce compliance costs for this level of racing.

Recommended number of race days: 140
Recommended total purse: \$4.2 million
Recommended average purse per race day: \$30,000

Quarter Horse

Quarter horse racing is a relatively new product in Ontario and is conducted mostly at one track, Ajax Downs, with a few races at Fort Erie. In 2011 there were 39 quarter

horse race days with a total purse of \$3.9 million and the industry receiving \$416,000 from the pari-mutuel handle.

Quarter horse racing is administered under an ORC program with considerable reserves (more than \$8 million) held in trust. Proposals from the quarter horse industry call for a reduced racing program in 2013, supported by the reserve fund.

Except for Ajax Downs, each Ontario race track has a designated Home Market Area and receives a commission on all pari-mutuel wagering in its area. The panel believes Ajax Downs should be granted a Home Market Area to increase its pari-mutuel handle and quickly achieve sustainability.

Recommended number of race days: 30

Recommended total purse: \$3 million

Recommended average purse per race day: \$100,000

Recommendation to government:

- **Designate a Home Market Area for Ajax Downs.**

Table 1 – Race Days and Purses under Sustainable Horse Racing Model

	Panel Proposal	2011	Change
Race Days			
Thoroughbred A	160	165	-3%
Thoroughbred B	30	78	-62%
Standardbred A/B/C	580	1262	-54%
Quarter Horse	30	39	-23%
Total Race Days	800	1544	-48%
Purses			
Thoroughbred A	\$64 million	\$74.4 million	-14%
Thoroughbred B	\$3 million	\$6.2 million	-52%
Standardbred A	\$37 million	\$80.5 million	-54%
Standardbred B	\$22 million	\$60.4 million	-64%
Standardbred C	\$4.2 million	\$18 million	-77%
Quarter Horse	\$3 million	\$3.9 million	-23%
Total Purses	\$133.2 million	\$243.4 million	-45%

In summary:

Under the proposed new program, all purses will come from wagering, making the horse racing industry more customer-driven. (See Table 1.) As a result:

- the total purse industry-wide will decline 45 per cent, to \$133.2 million.
- the total number of race days will fall 48 per cent, to 800.

The minimum number of tracks required by the new model is six. The maximum number depends on the number of tracks interested in participating and the distribution of Standardbred B and C races.

Public Support for Racetracks

Ontario racetracks are currently funded by a combination of revenue streams including one percentage point of the provincial pari-mutuel tax reduction (worth \$9.8 million in 2011), 10 per cent of SARP revenue (\$172.5 million in 2011) and 50 per of the net pari-mutuel handle (\$65.3 million in 2011).

With SARP ending, and given the panel's recommendation to base purses on the pari-mutuel handle, racetrack operations will require additional funding. A key element of the model is to determine the size of the public investment needed.

The new Sustainable Horse Racing Model assumes that participating tracks will not derive profit or return on investment from racing operations. So the main factor to consider is cost.

The cost of maintaining tracks reflects both the fixed cost of the infrastructure and the variable cost of operating on race days. The panel's calculations assume an acceptable arrangement is concluded between the tracks that will continue to offer slots and the Ontario Lottery and Gaming Corporation (OLG). The panel believes that, in the interest of sound public policy, OLG should not subsidize racetracks but, equally, racetracks should not subsidize OLG.

The variable cost estimates used in the panel's model reflect input from a variety of track operators offering various levels of racing. These submissions vary greatly and must be further refined through open-book negotiations. In every case the variable cost estimates reflect a significantly lower revenue stream to track owners than provided by the current SARP-enhanced funding.

Based on the input received, the panel calculated an upper limit for total track costs under the Sustainable Horse Racing Model. The panel believes that a value for money audit of racetrack operations will reveal significant cost savings. Therefore this estimate may be subject to substantial downward adjustment.

Recommendations to government:

- **Determine racetrack costs on an open-book basis, subject to an expert external review by auditors with racetrack experience.**
- **Establish a reserve for an initial year of racetrack support, pending this review.**

Promoting Breeding Excellence

The breeding sector produces the essential resource for a domestic racing industry – horses – and creates employment and economic activity, particularly in rural Ontario. The new Sustainable Horse Racing Model includes supports to promote a healthy racehorse breeding sector in Ontario.

In Ontario, the Horse Improvement Program (HIP) has been established to promote the breeding of quality Ontario horses. Ontario competes with other North American jurisdictions that offer special awards and purses for locally bred and raised horses, similar to the Ontario Sires Stakes.

HIP is funded by a combination of a 2.4 per cent levy on the pari-mutuel handle, a share of slots revenues (\$13.2 million in 2011) and a portion of the pari-mutuel tax reduction. The ORC administers the program.

The latest HIP report available (2009) indicates an overall program cost of \$47.5 million. The distribution of funds is approximately 60 per cent to purses for stakes races restricted to Ontario-bred horses, 23 per cent to supplement regular purses for Ontario-bred horses, 14 per cent to breeder awards and the balance to administration and marketing. The panel believes the funds directed to HIP can be better targeted to provide the maximum economic return for the minimum public investment. The proposed model retains the HIP program at a reduced level of funding of \$30 million per year.

The panel notes that the memorandum of understanding (MOU) between the horse racing industry and the Ontario government concerning the pari-mutuel tax reduction is out of date and needs to be reviewed. The panel believes the tax reduction MOU should be refocused on support for the breeding of quality Ontario horses.

Recommendations to government:

- **Review both the Horse Improvement Program (HIP) and the pari-mutuel tax reduction memorandum of understanding to ensure funds make the maximum impact on the quality of Ontario horses and generate the maximum economic benefit.**
- **Cap the flow of pari-mutuel tax reduction funds into breeding programs – including HIP and the Ontario Sires Stakes – at \$30 million per year.**

A New Governance Model for Horse Racing

Currently the horse racing industry is regulated by the ORC, which also provides management functions for the industry, such as the administration of HIP and the assignment of race dates.

The panel believes the ORC should return to a purely regulatory role and work to streamline its enforcement and adjudication activities. The ORC's budget should be set on an annual basis. Fees and fines generated by the ORC should be returned to the Ontario treasury.

To present and market a competitive, branded live racing product, a central racing secretariat is necessary. It should have the exclusive authority to assign race dates and conditions that conform to the pari-mutuel market and the available purse.

The panel has received a collective proposal from six Ontario racetracks (and indications of support from two others) that would provide the framework for a racing alliance. Under this proposal the track alliance would collectively set race dates and purses in a program designed to maximize the penetration of Ontario product in the horseplayer market, both local and global. The alliance would also take on responsibility for branding and marketing the Ontario product.

The panel is confident the racetracks have the retail marketing experience to operate a province-wide racing secretariat system if they work together. The panel therefore believes the government should proceed with encouraging an overall horse racing alliance of willing tracks. The alliance would conclude a memorandum of understanding (MOU) with the government, with the following minimum conditions:

- All participating tracks to reinvest any earnings from racing back into the industry
- Purses to be pooled across the province
- All races to run full fields
- Race dates and purses to conform to the new Sustainable Horse Racing Model allocations
- Race dates and venues to be determined by a formula based on local generation of pari-mutuel wagering
- Any track accepting the above conditions to be allowed to join the alliance, provided its local area pari-mutuel wagering supports the awarding of race dates
- A mutually acceptable agreement with the horse people at the tracks.

It is essential to avoid repeating the mistakes of SARP, which turned over funds to the industry with no strings attached. The panel believes that any new public funding for horse racing should be reviewed after three years. Monitoring should be ongoing to ensure the investment is meeting public-policy objectives and delivering no more funds than necessary to do so.

In developing its recommendations, the panel has worked closely with the OHRIA Task Force. Going forward, the role of OHRIA will change to reflect the needs of its members under the new Sustainable Horse Racing Model.

Recommendations to government:

- **Conclude a memorandum of understanding with an alliance of Ontario racetracks that meet public-interest criteria. The alliance would create a**

- market-driven calendar of race dates, conditions and pooled purses consistent with the new Sustainable Horse Racing Model. It would also be responsible for marketing live racing in Ontario under a common brand.**
- **Limit any public funding for the horse racing industry to three years, subject to ongoing accountability audits to ensure the investment is meeting public policy objectives.**
 - **Specifically, continually monitor any public funding to ensure that it does not exceed the minimum required to meet public-policy objectives.**

With an effective racing alliance in place and the ORC performing the regulatory function, direct government oversight of the new Sustainable Horse Racing Model will still be needed. The panel believes that, in keeping with the objectives of transparency, accountability, customer focus and return of public investment, oversight should be provided through a ministry. The Ministry of Agriculture, Food and Rural Affairs (OMAFRA) seems a logical choice for this role.

While the panel is impressed with the enthusiasm of the tracks that have offered to form an alliance, the successful negotiation of an MOU is not certain and the implementation of a new governance model will take time. Given that the new Sustainable Horse Racing Model must be operational within weeks of this report, the panel recommends a transition strategy that would divide the functions of the ORC into two distinct groups: administrative and regulatory. The administrative division will fulfil the roles described above for the track alliance until the alliance is prepared to assume those functions, within no more than three years. When the ORC has transferred the administrative functions, it will revert to a strictly regulatory role.

The ORC budget reached \$11.4 million in 2010. With the re-scoping of ORC functions and the new role for OMAFRA, the panel suggests a \$10 million annual allocation for regulation, administration and oversight.

To effectively oversee the new racing model and manage the transition, OMAFRA will need to acquire equine expertise. This capacity would enable the ministry to track equine industry economics and health herd issues.

Recommendations to government:

- **Transition the Ontario Racing Commission (ORC) to a regulatory function with a more efficient model of enforcement and adjudication, to drive cost savings.**
- **Fund the ORC on an annual budget basis and return fines and fees to the Ontario treasury.**
- **Divide the ORC into two distinct divisions, regulatory and administrative, for the transition period.**
- **Establish an equine capacity within the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) to track equine industry economics and herd health issues.**

Monitoring Performance

With accountability and transparency hallmarks of the new model, a robust set of metrics must be adopted to measure the industry's performance against objectives. All industry participants will be required to collect relevant data, which will be subject to external audit.

The panel believes that the metrics already adopted by the Quarter Horse Racing Industry Development Plan are a good template upon which to build industry-wide metrics.

Recommendation to industry:

- **Develop consistent, industry-wide metrics that all participants must support, with data collection subject to external audit.**

The Interim Report noted a wide discrepancy among economists when measuring the economic impact and tax revenues generated by the industry. The panel believes that the Ministry of Finance should, after consultation, provide the industry with both a clear description of the economic data sets to be collected, and a clear explanation of the tax generation and multiplier effect criteria to be used. This information is essential to determine the rate of return the taxpayer will receive for the public investment in the industry. Annual reviews to reconcile assumptions made with actual results achieved will lead, over time, to better data and thus better informed public policy. The panel believes this will promote a new industry-government partnership based on transparency and accountability.

Recommendation to government:

- **After consultation, provide the horse racing industry with a template for data collection, together with the economic assumptions used to determine economic impact and tax revenue generation.**

Implementing the New Sustainable Horse Racing Model

The transition from SARP to the new Sustainable Horse Racing Model will bring a series of implementation challenges.

Funding Issues as SARP Winds Down

The end of SARP on March 31, 2013 will leave some purse monies stranded, specifically those collected in the months right before the termination date, when there is little or no racing. These stranded funds are estimated at \$27 million and will be placed in various

trust accounts. A decision will be required on how to dispose of these funds. (The track operators will have received a similar amount of SARP money. There is nothing that compels them to use these funds for racing after March 31, 2013.)

In addition to the stranded purse funds, several annualized funds predicated on revenue from SARP will face similar issues. These include monies for HIP, association funding and equine research.

These programs will need to be wound up and incorporated on a case-by-case basis into the new Sustainable Horse Racing Model, subject to the test of transparency, accountability, customer focus and taxpayer return. Where possible, an agreement should be reached prior to January 1, 2013, so that funds do not flow for three months into programs that are redundant or will be significantly altered.

Funding Arrangements for the New Model

Several financial tasks must be completed to implement the new Sustainable Horse Racing Model. Funding arrangements for the new model must be put in place. The existing MOU covering the use of funds from the pari-mutuel tax reduction needs revision and updating. A new MOU must be negotiated with a track alliance. Finally, the costs allocated to tracks for conducting race days must be refined and then confirmed by an external audit.

2013 Racing Dates

The ORC must submit a plan for 2013 Ontario racing for federal regulatory approval no later than December 1, 2012. This deadline will be challenging, given the time frame required to set up a track alliance and resolve the uncertainty about stranded purses. In this fluid environment, the industry will need guidance in developing its request for 2013 race dates to be offered within the framework of the overall purse and race dates available. It is important to present the 2013 race calendar to the ORC for approval as a coordinated, thoughtful package that reflects the new Sustainable Horse Racing Model and takes into account the use of stranded purses.

Managing the Transition

This is a complex transition agenda that will require intensive work for the next 36 months. The ORC has the statutory authority to perform the functions necessary to transition the industry. Leading the industry through the transition, however, is contrary to the ultimate goal of returning the ORC to a strictly regulatory role.

As noted, the panel proposes separating the ORC into two distinct divisions for the transition period. The regulatory division will be tasked with developing cost-effective

regulatory approaches for a new, leaner racing industry. The administrative division will oversee the transition of the industry and serve as a provincial racing secretariat until an alternative industry-led administrative entity is established.

The transition period will require focus, cohesion and certainty. This leadership must come from the administrative division of the ORC. The panel strongly recommends the appointment of a senior equine industry leader to take charge of the development of the Sustainable Horse Racing Model. This individual should be invested with the authority to manage the transition.

The panel estimates that \$6 million over three years will be required to implement the transition process along the lines described above.

Recommendations to government:

- **Establish a division within the ORC to manage the administration of the horse racing industry during the transition period.**
- **Appoint a senior executive to lead the transition.**

Financial Overview

Overall, the panel calculated an amount of new public investment that will be required over three years to support the new Sustainable Horse Racing Model. The costs, revenue and required investments were shared by the panel with the government.

Recommendation to government:

- **Allocate funding over three years to support implementation of the Sustainable Horse Racing Model.**

4. INCREASING INDUSTRY REVENUE

To reduce and eventually end the need for direct public funding, and enjoy sustainable growth, the horse racing industry must increase its revenue. The panel is optimistic that this can be done over the medium and long term.

Growing the Pari-mutuel Pool

Preserving and then expanding the pari-mutuel pool is a principal objective for a right-sized horse racing industry. As noted, horseplayers are attracted to competitive races, full cards with full fields, and large wagering pools. The Sustainable Horse Racing Industry Model will provide these critical elements.

Moreover, as discussed above, the racetrack alliance will have responsibility for collaborative marketing and branding of the Ontario racing product in the global pari-mutuel wagering market. The panel's Interim Report found a lack of industry focus on the customer. A renewed customer focus is necessary and should be informed by research that helps the industry understand its customers better. The Sustainable Horse Racing Model sets aside \$10 million for marketing Ontario racing, researching consumer behavior and enhancing the horseplayer experience.

Presenting the full slate of Ontario live racing as a single brand should add strength to Ontario's market presence and create uptake. At the same time, the racing secretariat responsible for coordinating racing opportunities will be able to avoid conflicting race times. Ontario tracks will not find themselves competing with each other for the wagering dollar. Innovations such as market-driven products to enhance wagering opportunities, horseplayer accounts for all Ontario product and reduced take-out for some racing (leaving more money in the hands of horseplayers) could also generate increased wagering.

During the transition period, the panel is confident that effective branding and marketing will help arrest the current decline in the pari-mutuel handle. Growth in this internationally competitive marketplace is difficult to project. Given the positive image of the Woodbine product, it is reasonable to expect that effectively presented and branded Ontario live racing will expand the pari-mutuel pool.

Developing New Gaming Products

Further revenue opportunities could be created by allowing the horse racing industry to offer new gaming products. One could argue that giving revenue-generating opportunities to one industry and not to others is really a form of public subsidy. While this may be true, the panel notes that the products discussed below do not yet exist in

Ontario and, therefore, are not currently producing revenue for the government. Moreover, it will take effort, resources and expertise to develop them, which the horse racing industry is willing to provide. Many jurisdictions around the world have introduced these kinds of products already, providing ample evidence of success.

A racing-specific lottery is a method of funding live horse racing that has succeeded elsewhere. Before proceeding, a rigorous business plan would be necessary to determine how much net new revenue such a lottery could be expected to yield in Ontario's crowded lottery marketplace.

A federal bill that has passed the House of Commons and is now before the Senate would allow single-event sports betting under a provincially regulated system. The bill is expected to be enacted soon. The horse racing industry is a good fit for operating a sports book, given its experience in managing large risk pools with short margins, plus its network of off-track betting facilities. Revenue from sports book is not in the current OLG business plan and a sports book is not essential for casino operators. It is a complementary wagering product offered in many racetracks around the world, since it appeals to the sophisticated bettor.

The horse racing industry projects that it could produce net revenues of approximately \$50 million per year if given a monopoly on sports book under licence to the OLG or other government agency. This revenue could offset any direct public funding to horse racing.

A new pari-mutuel based gaming product, historical horse races, could also be offered at Ontario tracks and off-track locations. In this game, a horseplayer wagers on one of 60,000 past races through an electronic terminal. The actual race being replayed is never disclosed to the player, but statistical information – such as each trainer's win percentage – can be accessed prior to betting. Historical racing products have produced spectacular results at some U.S. tracks. The Ontario industry predicts net revenues of \$50 million per year if this product were introduced here.

With the SARP experience in mind, it will be wise to monitor the results of any new gaming products on an ongoing basis in the event they prove much more successful than expected. In that case, the sharing of benefits between the government and the industry must be adjusted.

Recommendations to government:

- **Explore a new horse racing-specific lottery.**
- **Deliver sports book in Ontario through the horse racing industry network.**
- **Allow Ontario racetracks to offer historical racing products.**
- **Use the new net revenues (with a projected total of \$100 million per year) to offset future public funding of live racing, grow the racing industry and enhance government revenues.**

5. ADDRESSING OTHER INDUSTRY TRANSITION ISSUES

The report will now turn to a series of transitional and in some cases longer-term challenges identified in the Interim Report. These issues include:

- Equine welfare
- Retraining for displaced workers and
- Assistance for equine businesses.

Equine Welfare

The Interim Report indicated that up to 13,000 horses would have no economically viable use if the racing industry collapsed. The panel believes adopting the new Sustainable Horse Racing Model will largely resolve this issue.

Ontario breeding has already been drastically cut back, which will affect the size of the horse herd in future years, and some racehorses have been moved to other jurisdictions. While the new model reduces the number of race days by half, the mandate for full fields will require more horses per race day than at present. Maintaining three divisions of standardbred racing should provide racing opportunities for every standardbred racehorse in Ontario. As the panel has pointed out, the horse racing industry runs on hope. The new model will keep hope alive.

While the new Sustainable Horse Racing Model will mitigate risks, the panel is aware of the stress on the overall Ontario horse herd from the recent spike in feed costs. The Office of the Chief Veterinarian of Ontario within OMAFRA is responsible for responding to risks in the livestock sector, which includes horses.

Research on equine performance and breeding has been partially funded by public funds channeled through the racing industry. The panel recommends discontinuing this public funding in favor of direct investment, where appropriate, through OMAFRA, with a focus on overall horse herd welfare.

Racehorse Lifecycle Planning

The panel has underlined the need for racehorse lifetime use plans in Ontario. Such plans exist in the United Kingdom and elsewhere. The panel believes the moral obligation to provide a reasonable lifetime plan for the use and care of a horse rests with the breeder and owner. However, given the absence of meaningful second career plans for thousands

of racehorses bred in Ontario, the panel urges the government to take action on this longstanding issue. The panel urges OMAFRA to provide seed funding to Equine Guelph to lead foundational work on life cycle planning for race horses, specifically regarding secondary uses following their racing careers.

Another equine welfare issue is the use of therapeutic drugs in racehorses, which has been banned in some overseas jurisdictions. While the efficacy of these medications has long been debated, there is little question that these drugs can have harmful long-term effects that emerge during the post-racing years. For example, the use of anti-inflammatory and pain medications, essentially to take the place of rest, can eventually result in joint problems.

The panel believes that the government should direct the ORC to develop a therapeutic drug policy that would make Ontario a leader in protecting the health and longevity of racehorses. The panel is convinced that taking a leadership position against practices and medications that can have a negative effect on the secondary careers of racehorses would be beneficial to the industry. It would enhance the Ontario racing brand. Further study is required and this could be another topic for Equine Guelph to explore, with government and industry support.

Budget for Equine Welfare

The panel estimates that an annual budget of \$300,000 will be required to address the equine welfare issues discussed above.

Recommendations to government:

- **Eliminate public funding of equine performance/breeding research and replace it with public investment through OMAFRA in overall equine herd health research as required.**
- **Require breeders and owners to develop robust racehorse lifecycle plans.**
- **Provide funding for foundational lifecycle planning development work through Equine Guelph.**
- **Develop a therapeutic drug policy designed to enhance the second career options for racehorses.**

Help for Displaced Workers

Just as the Sustainable Horse Racing Model will preserve horses, it will also preserve jobs. The requirement for full racing fields will help sustain employment at the track level, while the continued funding of Ontario breeding programs will help support employment on the farm.

However, as the industry makes the transition to a sustainable model, some workers will be displaced. The Ontario government's response to job loss is delivered through the Ministry of Training, Colleges and Universities (MTCU). After consultation with MTCU, the panel is satisfied that the current employment and retraining programs have the flexibility to meet the needs of the horse racing industry.

At the panel's request, MCTU has compiled information about its programs and services that may support the transition of horse racing workers. This overview appears in Appendix B.

Assistance to Equine Businesses

As Ontario's horse racing industry undergoes transformation, many equine-based businesses will need financial and advisory assistance. The panel has consulted with OMAFRA, which is responsible for farm business programs, and learned that an abundance of resources is available.

Also at the panel's request, OMAFRA has supplied information about programs and services that can aid with farm business transition. This summary is presented in Appendix C.

One-Window Approach

While these employment and business programs have much to offer, the panel is concerned that people in the horse racing industry may have trouble accessing them.

It appears that horse producers are not making use of farm business programs to the same extent as other agricultural producers. The panel urges OMAFRA to work with industry associations to raise awareness of these programs in the equine sector.

In general, the panel observes that there are many different programs, with different contact points. So many, in fact, that people seeking help, who are already under stress, may feel overwhelmed. The panel proposes developing a one-window help line, possibly in co-operation with Equine Guelph, to respond to all horse racing-related issues – from caring for horses at risk, to getting a farm financial assessment, to retraining for a second career. Knowledgeable counsellors would staff the line and direct callers to the appropriate programs or services.

Recommendations to government:

- **Work with industry associations to raise awareness among racehorse breeders and owners of government programs that could assist them with managing the transition of their businesses.**

- **Introduce a single point of contact for individuals and businesses seeking information or assistance to cope with the horse racing industry's transition.**

6. IN CONCLUSION

As the panel observed in the Interim Report, Ontario's horse racing industry is worth saving. It generates jobs, economic spinoffs and tax revenues. It is a valuable social and cultural asset, with deep roots in Ontario's heritage, and maintains strong links between rural and urban communities. Moreover, it has the potential to become a pivotal component of Ontario's provincial gaming strategy, since it offers a modern infrastructure of facilities and systems with an established customer base.

In this report the panel is proposing a new Sustainable Horse Racing Model – a three-year plan that will require new public investment.

The new model will:

- Provide a foundation for a sustainable horse racing industry in Ontario based on sound public policy
- Eliminate the spectre of a mass disposal of racehorses by providing racing opportunities for all racehorses in Ontario
- Minimize employment loss from the right-sizing of the racehorse industry
- Make the industry more customer-driven by deriving purses solely from the pari-mutuel handle – rather than from slots revenue or some other source unrelated to racing
- Provide opportunities for the industry to replace public funding with new revenue-generating opportunities
- Ensure that the industry has proper oversight to ensure transparency, accountability, a focus on the customer and a positive return on public investment.

The panel believes that this plan, if implemented, will provide a workable blueprint for a new partnership between the horse racing industry and the government. We are confident that the new model we have proposed will place the horse racing industry on a growth path while advancing the best interests of the people of Ontario.

Over the course of our deliberations we have been greatly assisted by industry experts, stakeholder groups and individuals from within Ontario as well as by global equine industry leaders. We thank them for their knowledge, experience and particularly their passion for horses, which they generously shared with us.

We would also like to thank our Minister, the Honourable Ted McMeekin, for the confidence he has placed in us and for his innovation in creating a tri-partisan panel. He can rightfully be proud of the many dedicated OMAFRA staff who have provided us with stellar support.

Our final recommendation is to underline the urgency in beginning the transformation of the Ontario horse racing industry. While the industry has been patient with the panel during the development of this report, we are aware of the need to implement the new Sustainable Horse Racing Model immediately. The racing sector is literally crumbling as we write.

To ensure that the government will be able to respond immediately, we have shared our observations, deliberations and conclusions as they evolved with the appropriate ministries and agencies. We have ensured that the government understands our recommendations and is positioned to act on them.

A sustainable horse racing industry is possible, but only if the government takes appropriate action now.

APPENDICES

A. List of Stakeholders Consulted for Final Report

ORGANIZATIONS

Canadian Pari-Mutuel Agency – CPMA

Steve Suttie, Acting Executive Director
Rande Sawchuk, Director, Policy and Planning
Richard Sequin, Regional Director

Canadian Thoroughbred Horse Society

Glenn Sikura, President
Peter Berringer, 1st Vice President
Frank Di Giulio, 2nd Vice President
Yvonne Schwabe, Sales Chair

Chief Veterinarian for Ontario and OMAFRA Staff

Dr. Greg Douglas, Chief Veterinarian for Ontario and Director
Dr. David Alves, Manager
Ling Mark, Director
Heather Cassidy, Manager

Grand River Raceway

Dr. Ted Clarke, General Manager, Grand River

Great Canadian Gaming Corp.

Rod Baker, President and CEO
Bruce Barbour, Executive Director - Racing Operations
Jim McGrogan, Vice President - Business Development

Ministry of Agriculture, Food and Rural Affairs - Farm Finance Branch

Tracey Dallaire, (A) Director
Bradley Shaw, (A) Manager - Business Risk Management
John Cumming, Policy Advisor

Ministry of Finance

Barry Goodwin, Assistant Deputy Minister
Elizabeth Yeigh, Director
Tanya Watkins, Manager
Poland Lai

Ministry of Training, Colleges & Universities

Meranda Shewan, Employment Programs Consultant - Delivery Support
Employment Services

Ontario Horse Racing Industry Association (OHRIA)
Sue Leslie, President & Chair
Stanley Sadinsky

Ontario Racing Commission (ORC)
Rod Seiling, Chair
John Blakney, Executive Director & CEO
Steve Lehman, CAO
Wendy Hoogeveen, Director - Industry Development & Support
Ryan Dupuis, Regulatory Analyst

Quarter Horse Racing Owners of Ontario (QROOI) and Ajax Downs
Bob Broadstock, President
Mike Klander
Nick Coukos, Vice President - Corporate Affairs, Ajax Downs

Standardbred Breeders of Ontario Association (SBOA)
Anna Meyers - Emerald Ridge Farms and
President, Standardbred Breeders
Jim Bullock - Glengate Farms
Ann Straatman - Seelster Farms
Dave Heffering

Standardbred Canada
John Gallinger, President and CEO

Strategy Corp. Inc.
David McNaughton
Tate Abols, Onex
Tim Duncanson, Onex

Tabcorp (Australia)
Craig Nugent, Managing Director - Fixed Odds
Paul Cross, General Manager - International Business Development
Doug Freeman, Executive General Manager - Strategy and Business Development
Peter Curtis, Partner, Pathway Group

Western Fair District
Hugh Mitchell, Chief Operating Officer

Woodbine Entertainment Group

Jim Lawson, Chair

Nick Eaves, President and CEO

Steve Mitchell, Executive Vice-President & Chief Financial Officer

Jamie Martin, Executive Vice-President, Racing

Sean Pinsonneault, Executive Vice-President & Chief Operating Officer

Andrew Macdonald, Vice-President, Strategic Initiatives

INDIVIDUALS

Darryl Kaplan

Lois Keays

Dennis Mills

Eric Poteck

B. Help for Displaced Workers

Programs delivered through the Ministry of Training, Colleges and Universities (MTCU) in response to job loss consider both individual workers and the communities where they live.

Programs for Affected Communities

The Employment Ontario (EO) network of services and service providers offers a suite of employment programs that are delivered locally across Ontario. The action taken is always client-centred and is based on an assessment of client needs.

EO programs for affected communities include:

- Rapid Reemployment and Training Service (RRTS)
- Adjustment Advisory Program (AAP)
- Ontario Labour Market Partnership (OLMP)
- assistance of local training boards.

The **Rapid Re-employment and Training Service (RRTS)** provides an immediate and appropriate response when large-scale layoffs or closures occur – that is, when at least 50 employees are laid off. (The program is not always invoked for layoffs of this size.)

Where the program is utilized, the ministry responds within one hour of learning of a downsizing or closure. As part of the initial response, MTCU staff members conduct a needs assessment to determine the supports required by the affected individuals and the community. Staff members consider the needs of the individual workers and their ability to access available resources, and then assess the capacity of local service providers to meet these needs.

Based on this initial assessment, a tailored response is set in motion. Three levels of response are available:

- access to existing EO services
- purchase services for affected workers
- establish an action centre, which may arrange for a number of services, including job-search assistance, outreach to affected workers, support to deal with the stress of job loss, as well as financial counselling.

Through the Action Centre, MTCU staff members meet with affected workers to make them aware of available EO services. A needs assessment is then conducted, and within 15 days, an individual action plan is developed for each worker. The individual action plan identifies worker goals and the specific EO services available to help meet them.

Programs for Affected Workers

Employment Service and **Second Career** are the two EO programs that are most likely to be useful to clients adjusting to race track closure or farm downsizing.

Employment Service (ES) provides access to a full range of employment services in one location, so people can find and keep a job, apply for training and plan a career.

The Employment Service network consists of 170 service providers with 324 sites across Ontario. Each funded service delivery site is required to provide the full range of ES components. In addition, a number of ES sites provide visiting and specialized services in their communities as needed. This brings the total number of ES points of service to over 400.

Some ES services are open to all, with no eligibility criteria. These are:

- Client Service Planning and Coordination
- Resources and Information.

Other services are open to individuals who are unemployed (that is, working less than 20 hours per week), out of school and legally entitled to work in Canada. These include:

- Job Search
- Job Matching, Placement and Incentives
- Job/Training Retention

Second Career supports unemployed, laid-off workers who require skills training to help them find employment in high-demand occupations in Ontario. Individuals who are interested in Second Career begin the process with an employment needs assessment interview with an ES service provider who will work with the client to create a service plan.

Skills training that can be approved under Second Career must be vocational in nature. The courses can be both short-term (six months or less) and long-term (up to 24 months) in duration. Longer course duration may be approved if accommodation is needed for persons with disabilities.

The maximum for individual support is \$28,000. This can be used to offset costs such as tuition, books and living expenses. The \$28,000 cap does not include costs for disability accommodation, dependant care, living away from home, and all costs related to academic upgrading, which can be in excess of the \$28,000 allotted.

Second Career Eligibility and Suitability

Eligible individuals are those who:

- were laid off on or after January 1, 2005
- are unemployed (working less than 20 hours/wk)
- are residents of Ontario

- are legally authorized to work in Canada
- are able to demonstrate occupational demand for the training request with evidence of good employment prospects within Ontario.

Suitability is determined through an assessment based on criteria to gauge those in most financial need and most in need of training.

Other programs for individual clients include the Ontario Job Creation Partnership (OJCP) and literacy or apprenticeship programs.

Worker Profiles

Here are some hypothetical examples of how EO programs might respond to the needs of displaced workers in the horse racing industry.

Worker A: A track employee with transferable skills and education.

Upon notice of layoff, worker A visits her local ES provider and makes use of the labour market information to write a resume and apply for jobs. After several weeks without success, she meets with an ES counsellor. Together, the worker and counsellor inventory the client's existing skills and knowledge. The client would like to work in a job where many of the skills she already has would be extremely helpful. The client only needs relevant work experience to set off on the new career path with confidence. The ES provider works with the client to improve her resume so she can seek an appropriate work experience placement. Eventually the "right" employer is found and able to provide the desired on-the-job training with the help of a hiring incentive arranged through ES.

Worker B: A backstretch employee with little education or transferable skills.

Worker B also visits his local ES provider and makes use of the labour market information, computers, internet access and other job search supports available there. He is soon frustrated because the job he wants requires a college diploma.

Worker B also speaks with an ES counsellor. Together they develop a service plan which identifies the need for additional training. The client researches available training, training providers and labour market demand for the desired occupation. He finds a course that is suitable, but there is an entry requirement for Grade 12 math and he has only completed Grade 10. The college has a short preparatory course to get the math prerequisite. The ES provider completes the necessary financial and suitability assessments. The client is found to be suitable and a recommendation is made to MTCU. MTCU approves Second Career support. The client completes the necessary math and later, skill training. After completing the course, he may return to the ES provider for assistance with job search.

Worker C: A self-employed individual.

Worker C is sure that since she was self-employed, she is not eligible for any EO supports. A friend tells her about the computers at the ES provider that anyone can use. On her third or fourth visit, she hears that she may be eligible for job search or job training services. She may also be eligible for Second Career since, even though self-employed for the past two years, she had been laid off from a manufacturing job in 2008. She decides to speak with a counsellor since she has always wanted to pursue an apprenticeship but was unsure of the steps involved. The counsellor works with her to develop a service plan. The client visits the MTCU office and completes other research to find out more about apprenticeship.

Worker C, who completed high school in 1995, already has the educational requirement for entry into her chosen trade. With the help of an improved resume and job search skills, Worker C is able to find an employer who is willing to bring her into the business as a first year apprentice. The employer who hires her is eligible for an Apprenticeship Employer Signing Bonus of \$2,000.

C. Assistance to Equine Businesses

The Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) offers a number of programs that could be of assistance to horse breeders and other horse owners during this period of transition.

Business Risk Management

A cluster of Business Risk Management programs offer protection against different types of financial losses. The most relevant for the equine sector are:

- **AgriInvest** – a savings account for producers, supported by governments, which provides coverage for small income declines and allows for investments that help mitigate risks or improve market income and
- **AgriStability** – which provides support when a producer experiences larger farm income losses; the 2013 program covers declines of more than 30 per cent in a producer's average income from previous years.

Agricorp administers AgriStability on behalf of OMAFRA, while Agriculture and Agri-Food Canada administers AgriInvest.

Business Development

OMAFRA funds business development programs that provide expertise and training that could help equine businesses navigate through the transition. These programs are administered by the Ontario Soil and Crop Improvement Association on behalf of the ministry. They incorporate self-assessment and goal-setting with a range of cost-shared advisory services and skills development opportunities to help reach farm business objectives.

The programs are the following.

- ***Workshops:*** Growing Your Farm Profits workshops are free for all Ontario producers, including farm families and management teams. The workshops provide a planning process and help identify resources to reach farm business long-term goals. They also explain how to write an action plan to improve farm management.
- ***Farm Financial Assessments:*** Based on the action plan, financial assessment by a professional farm business advisor may be available on a cost-shared basis. The advisor will review past financial performance, analyze the current business situation, discuss objectives and help identify options to meet farm business profit goals. It should be noted that farm businesses facing immediate financial

- difficulty may be able to obtain a cost-shared financial assessment without completing a workshop or action plan.
- *Agriculture Skills Development:* If the action plan calls for skills development, farm businesses can access cost-share funding for training activities like courses, workshops, conferences and one-on-one learning.
 - *Advanced Business Planning:* In addition, cost-share funds are available to hire a consultant for advanced business planning if the action plan indicates a need. Up to three different types of business plan can be developed, ranging from a general business plan for start-up or expansion, to plans for diversification, risk management or commodity marketing.

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